

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

-----x IAS Part 11

Index No. 06-019368

Purchase Date: 11/21/06

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Plaintiffs Reside In
NASSAU COUNTY
COUNTY CLERKS OFFICE
Nassau County

THOMAS HENNESSY, BETTY HENNESSY,
JOHN HASLBAUER, BARBARA HASLBAUER,
NICHOLAS GAROFALO, ROSEMARY
GAROFALO, DWAYNE WOOD, MARIE
MAGNUS, LOUIS PREVET, MARION PREVET,
DANIEL AGOSTINELLI, HARRIET
AGOSTINELLI, RICHARD CALDERALE,
LINDA CALDERALE, RICHARD CALDERALE,
CHRISTINE CALDERALE, JASON BUSKE,
LAURIN BUSKE, JIM CARNEY, REGINA
CARNEY, MARK AROCHO, MICHELLE
AROCHO, DON MOY, LILLIAN MOY,
THOMAS GEIST, JOY GEIST, PASQUALE
AIELLO, MARY AIELLO and JOHN AND
JANE DOES "1-100",

Plaintiffs,

-against-

**FIRST
AMENDED
SUMMONS**

PETER J. DAWSON, BMG ADVISORY
SERVICES, LTD., BRASH MANAGEMENT
GROUP, LTD., TAXX PLUS SERVICES, LTD.,
LISA DAWSON, 21st CENTURY FINANCIAL
SERVICES, INC., INVEST FINANCIAL
CORPORATION, GRANITE SECURITIES, LLC,
PHH MORTGAGE CORPORATION, FIRST
NATIONAL BANK OF LONG ISLAND,
COUNTRYWIDE HOME LOANS, INC.,
HOMECOMINGS FINANCIAL, LLC,
WASHINGTON MUTUAL, INC., INDYMAC
BANK, CUSTOM CAPITAL CORPORATION,
OASIS MORTGAGE, INC., NATIONWIDE LIFE
INSURANCE COMPANY, AMERICAN
SKANDIA LIFE ASSURANCE COMPANY,
FIRST ALLMERICA FINANCIAL LIFE
INSURANCE COMPANY, AXA EQUITABLE
LIFE INSURANCE COMPANY, and XYZ CORP.
"1-10",

Defendants.

-----x

TO THE ABOVE NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED to answer the First Amended Complaint in this action and serve a copy of your Answer within 20 days after service of this summons, exclusive of the day of service (or within 30 days after the service is complete if the summons is not personally delivered to you within the State of New York), and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the Answer.

Dated: December 14, 2006
New York, New York

Yours, Etc.,

ZAMANSKY & ASSOCIATES LLC,

By:



Jacob H. Zamansky

Attorneys For Plaintiffs
50 Broadway, 32nd Floor
New York, New York 10004
(212) 742-1414

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AROCHO, DON MOY, LILLIAN MOY,
THOMAS GEIST, JOY GEIST, PASQUALE
AIELLO, MARY AIELLO and JOHN AND
JANE DOES "1-100",

Plaintiffs,

-against-

**FIRST
AMENDED
COMPLAINT**

PETER J. DAWSON, BMG ADVISORY
SERVICES, LTD., BRASH MANAGEMENT
GROUP, LTD., TAXX PLUS SERVICES, LTD.,
LISA DAWSON, 21st CENTURY FINANCIAL
SERVICES, INC., INVEST FINANCIAL
CORPORATION, GRANITE SECURITIES, LLC,
PHH MORTGAGE CORPORATION, FIRST
NATIONAL BANK OF LONG ISLAND,
COUNTRYWIDE HOME LOANS, INC.,
HOMECOMINGS FINANCIAL, LLC,
WASHINGTON MUTUAL, INC., INDYMAC
BANK, CUSTOM CAPITAL CORPORATION,
OASIS MORTGAGE, INC., NATIONWIDE LIFE
INSURANCE COMPANY, AMERICAN
SKANDIA LIFE ASSURANCE COMPANY,
FIRST ALLMERICA FINANCIAL LIFE
INSURANCE COMPANY, AXA EQUITABLE
LIFE INSURANCE COMPANY, and XYZ CORP.
"1-10",

Defendants.

-----x

Plaintiffs, through their attorneys, ZAMANSY & ASSOCIATES, LLC, as and for their Complaint, allege as follows:

General Allegations-Plaintiffs

1. Plaintiffs, Thomas Hennessy and Betty Hennessy (hereinafter the "Hennessys"), reside in Plainview, New York, within Nassau County and are husband and wife.
2. Plaintiffs, John Haslbauer and Barbara Haslbauer (hereinafter the "Haslbauers"), reside in Bayside, New York, and are husband and wife.
3. Plaintiffs, Nicholas Garofalo and Rosemary Garofalo (hereinafter "Garofalos"), reside in Holbrook, New York, and are husband and wife.
4. Plaintiffs, Dwayne Wood and Marie Magnus reside in Massapequa, New York, and are family members.
5. Plaintiff Louis Prevet and Marion Prevet reside in Wantagh, New York, and are husband and wife.
6. Plaintiffs, Daniel Agostinelli and Harriet Agostinelli reside in State Island, New York, and are husband and wife.
7. Plaintiffs, Richard Calderale and Linda Calderale reside in Orlando, Florida, and are husband and wife.
8. Plaintiffs, Richard Calderale and Christine Calderale, reside in Orlando, Florida, and are husband-wife.
9. Plaintiffs, Jason Buske and Linda Buske, reside in Champions Gale, Florida and are husband and wife.
10. Plaintiffs, Jim Carney and Regina Carney, reside in East Meadow,

New York, and are family members.

11. Plaintiffs, Don Moy and Lillian Moy, reside in Flushing, New York, and are husband and wife.

12. Plaintiffs, Mark Arocho and Michelle Arocho, reside in Carle Place, New York, and are husband and wife.

13. Plaintiffs, Thomas Geist & Joy Geist, reside in East Meadow, New York, and are husband and wife.

14. Plaintiffs, Pasquale Aiello and Mary Aiello, reside in East Meadow, New York, and are husband and wife.

15. Plaintiffs are all unsophisticated and mostly retirees who several years ago entrusted their respective savings with defendant Peter J. Dawson ("Dawson"), a purported financial and investment advisor who, upon information and belief, has converted and "stolen" their retirement money in a fraudulent "pyramid" scheme. Upon information and belief, over the last few years, these Plaintiffs received virtually no account statements or records from Dawson, who has refused to account for their monies, and has apparently shut down his business, without notice to his customers.

16. Plaintiffs, JOHN AND JANE DOES "1-100", represent other similarly situated investors and customers of Dawson whose names are not known at this time but will be learned through discovery and added as Plaintiffs. Upon information and belief, joinder of these additional plaintiffs may be necessary in view of the possibility that investor monies may have been co-mingled by Dawson.

General Allegations-Defendants

17. Defendant, Peter J. Dawson (hereinafter "Dawson") resides in Huntington, New York, and is and was, at relevant times, doing business at 384 Reckson Plaza, Uniondale, New York, within Nassau County.

18. Defendant, BMG Advisory Services, Ltd. ("BMG Advisory") is and was, at relevant times, a New York State corporation engaged purportedly in the business of providing investment advice and financial services to customers, with a principal place of business at 384 Reckson Plaza, Uniondale, New York, within Nassau County. Upon information and belief, Dawson is the sole owner and officer of BMG Advisory.

19. Defendant, Brash Management Group, Ltd. ("BMG") is and was, at relevant times, a New York State corporation engaged purportedly in the business of providing investment advice and financial services to customers, with a principal place of business at 384 Reckson Plaza, Uniondale, New York, within Nassau County. Upon information and belief, Dawson is the sole owner and officer of BMG.

20. Defendant Taxx Plus Services, Ltd. (hereinafter "Taxx Plus") is and was, at relevant times, a New York Corporation engaged purportedly in the business of providing tax return preparation service, with a principal place of business in Levittown, New York, within Nassau County. Upon information and belief, Dawson is and was, at relevant times, an owner and officer of Taxx Plus.

21. Defendant, Lisa Dawson, resides in Huntington, New York, and is and was, at relevant times, Dawson's wife an owner and operator of Taxx Plus.

Upon information and belief, Lisa Dawson was the sole employee of Taxx Plus.

22. Defendant, 21st Century Financial Services, Inc. (hereinafter "21st Century"), is and was, at relevant times, a foreign corporation doing business in the State of New York. Upon information and belief, from on or about September 1999 to October 2004, Dawson was a registered representative and financial advisor employed by 21st Century at its branch office at 384 Reckson Plaza, Uniondale, New York.

23. Defendant, Invest Financial Corporation (hereinafter "Invest Financial") is and was, at relevant times, a foreign corporation doing business in the State of New York. Upon information and belief, Invest Financial acquired 21st Century and is an alter ego or successor in interest to 21st Century. Upon information and belief, Dawson was a registered representative and financial advisor employed by Invest Financial at an office at 384 Reckson Plaza, Uniondale, New York.

24. Defendant, Granite Securities, LLC ("Granite"), is a limited liability company organized in the State of New York, with a principal office in Cutchogue, New York. Upon information and belief, from on or about August 2004 to October 2005, Dawson was a registered representative and financial advisor employed by Granite.

25. Defendant PHH Mortgage Corporation (hereinafter "PHH Mortgage") is and was, at relevant times, a foreign corporation authorized to do business in the State of New York, with a principal place of business in Mount Laurel, New Jersey.

26. Defendant First National Bank of Long Island (hereinafter "FNBLI") is and was, at relevant times, a bank conducting business in the State of New York, with a principal place of business in Glen Head, New York.

27. Defendant, Countrywide Home Loans, Inc. ("Countrywide") is a New York Corporation, with offices in Nassau County.

28. Defendant Washington Mutual, Inc. is a national bank with offices in New York State.

29. Defendant Indymac Bank is a national bank with offices in New York State.

30. Defendant Custom Capital Corporation ("Custom Capital") is a New York Corporation engaged in the business of mortgage brokerage, with a principal office in Massapequa, New York.

31. Defendant Oasis Mortgage, Inc. is a New York Corporation engaged in the business of mortgage brokerage, with a principal office in Islandia, New York.

32. Defendant Nationwide Life Insurance Company ("hereinafter Nationwide") is and was, at relevant times, a foreign corporation engaged in the business of issuing life insurance contracts and policies, with a principal place of business in Columbus, Ohio. Upon information and belief, Dawson was an agent of Nationwide, and Nationwide issued policies to customers residing in New York State, including Plaintiffs.

33. Defendant Nationwide Life Insurance Company ("hereinafter Nationwide") is and was, at relevant times, a foreign corporation engaged in the

business of issuing life insurance contracts and policies, with a principal place of business in Columbus, Ohio. Upon information and belief, Dawson was an agent of Nationwide, and Nationwide issued policies to customers residing in New York State, including Plaintiffs.

34. Defendant American Skandia Life Assurance Company (hereinafter "American Skandia") is and was, at relevant times, a foreign corporation engaged in the business of issuing life insurance contracts and policies, with a principal place of business in Connecticut. Upon information and belief, Dawson was an agent of American Skandia, and American Skandia issued policies to customers residing in New York State, including Plaintiffs.

35. Defendant First Allmerica Financial Life Insurance Company (hereinafter "First Allmerica") is and was, at relevant times, a foreign corporation engaged in the business of issuing life insurance contracts and policies, with a principal place of business in Massachusetts. Upon information and belief, Dawson was an agent of First Allmerica, and First Allmerica issued policies to customers residing in New York State, including Plaintiffs.

36. Defendant AXA Equitable Life Insurance Company (hereinafter "AXA Equitable") is and was, at relevant times, a foreign corporation engaged in the business of issuing life insurance contracts and policies. Upon information and belief, Dawson was an agent of AXA Equitable, and AXA Equitable issued policies to customers residing in New York State, including Plaintiffs.

37. Defendants, XYZ Corp. "1-10", represent additional defendant corporations whose names are not known at this time but will be learned through

discovery and added as Defendants. Upon information and belief, these unknown defendant corporations include banks, brokerage firms, insurance companies and/or mortgage companies, which either received and/or have custody over Plaintiffs' funds and/or which have potential liability for Dawson's acts towards Plaintiffs, by virtue of legal principles of respondeat superior, agency, aiding and abetting liability, negligence and/or breach of contract.

**The Fraudulent Scheme Perpetrated By
Dawson, BMG Advisory And BMG**

38. Since in or about the late 1990s, Dawson has held himself out as a highly competent and skilled financial advisor and investment manager, who specialized in handling the finances of retirees. Dawson conducted his business as a financial advisor through BMG Advisory, a registered investment advisor, and BMG, a corporation. Dawson, BMG Advisory and BMG operated from an impressive and fancy office address at the prominent EAB (Reckson) Plaza building.

39. Upon information and belief, Dawson held registration as a licensed registered representative and associated person of a member of the National Association of Securities Dealers, Inc. ("NASD"), the self-regulatory organization which licenses all securities broker-dealers and their employees. Upon information and belief, Dawson held his NASD licenses through 21st Century and Invest Financial. His status as an NASD-licensed associated person, registered through 21st Century and Invest Financial, was displayed on letterhead and marketing materials with customers, and engendered and bolstered his customers' confidence and trust.

40. Upon information and belief, Dawson also was a designated sales agent for Nationwide as well as several other insurance companies. Upon information and belief, he acted as sales agent for Nationwide and placed the retirements funds for numerous customers into policies through Nationwide, including Plaintiffs. His status and association with Nationwide engendered and bolstered his customers' confidence and trust.

41. Upon information and belief, over the last several years, Dawson engaged in a fraudulent scheme whereby he solicited retirees and elderly investors, most of which were financially unsophisticated, to entrust to him their retirement savings and funds. Dawson represented that he would manage their finances, including bill paying, and manage their investments, and he assumed de facto discretionary control over their money. Upon information and belief, Dawson handled and managed customer money appropriately for several years, before his fraudulent scheme commenced.

42. Upon information and belief, in or about 2000, Dawson began to transfer customer funds out of their names, and, upon information and belief, into his own name or that of BMG Advisory or BMG. Upon information and belief, at or about this same time, Dawson advised his customers to surrender life insurance and annuities policies (and incur high surrender fee charges) which they held and to entrust him with the proceeds, which he would then invest on her behalf.

43. Upon information and belief, at or about this same time, Dawson also advised and arranged for his customers to take out home equity loans or

mortgage loans on their homes. Upon information and belief, his customers were retirees and elderly persons whose homes had been paid for in full, and they had no income to support such loans. Upon information and belief, Dawson advised them that financially they needed the "mortgage interest deduction" and that he could invest the proceeds for them, and upon information and belief, Dawson convinced them that they would earn a higher rate of return than the interest rate on the loan. Upon information and belief, many customers did, in fact, take out such loans, and entrusted Dawson with the proceeds.

44. Upon information and belief, Dawson misappropriated and/or converted his customers' retirement funds, including the home equity and mortgage loan proceeds and surrendered annuity and life insurance policy proceeds for himself. Dawson's customers ceased receiving any statements or account statements from him which reflected the value of their funds held with him, or the value of their funds held in custody at any bank, brokerage, insurance or other firm.

45. Upon information and belief, to hide his fraudulent scheme, for a period of time, Dawson assumed and/or maintained his bill-paying responsibilities for his customers and/or generally met his customers' needs for cash disbursements. For example, if a customer needed \$10,000, Dawson would send a check. In or about the last year, Dawson generally ceased disbursing any large sums to customers.

46. Upon information and belief, in approximately October 2006, Dawson ceased making the monthly payments on his customers' home equity

and mortgage loans. Many of his customers have loans in default and are at grave risk of losing their homes.

47. Upon information and belief, Dawson, acting through Taxx Plus and his wife, Lisa Dawson, prepared the income tax returns for his customers for a small fee. Dawson represented to his customers that he could perform this service cheaper and easier, as he knew their financial situation better than anyone else.

48. Upon information and belief, Dawson utilized Taxx Plus to further hide and conceal his fraudulent schemes and avoid detection for as long as possible. Upon information and belief, Taxx Plus misled customers as to their finances and tax situation, and failed to properly report transactions to the Internal Revenue Service and New York State, thereby subjecting clients to tax liabilities.

49. Upon information and belief, Dawson, BMG Advisory and BMG has stolen millions of dollars from his customers, including the Plaintiffs. He has destroyed the finances and dignity of numerous retirees and elderly persons, and ruined their lives.

**Specific Allegations of Misconduct
Against The Hennessys**

50. In or about 2000, the Hennessys, who are in their 60s, first established their relationship with Dawson, BMG Advisory and BMG. At the time, Thomas Hennessy was a retired New York City firefighter on the job for over 20 years, who is now legally blind. At the time, Betty worked in a physicians' office and was preparing for her retirement.

51. Initially, the Hennessys entrusted Dawson and BMG Advisory with approximately \$500,000 worth of shares of stock in AT&T, Southwest Bell, Bell South, U.S. West and Bell Atlantic, which Thomas had received in an inheritance upon the deaths of his mother and aunt, both of whom were former employees of New York Bell.

52. In or about 2003, Betty Hennessy retired and she entrusted Dawson with approximately \$25,000 of retirement savings from the rollover of her retirement plan.

53. At first, Dawson invested approximately \$357,000 of the Hennessys' retirement funds into an annuity policy issued by American Skandia, and over \$100,000 into annuities policies issued by Nationwide. Upon information and belief, he also established a brokerage account for the Hennessys at 21st Century, which later became Invest Financial. Upon information and belief, the Hennessys were customers of 21st Century, Invest Financial and Granite Securities during the relevant time period of Dawson's misconduct.

54. In or about 2002, Dawson surrendered the annuity policy with American Skandia and received proceeds of approximately \$265,000, for a loss of approximately \$92,000. Upon information and belief, this policy was unsuitable for the Hennessys who were retired and could ill-afford to incur a loss of this size. Upon information and belief, Dawson misappropriated and/or converted the proceeds from this policy surrender.

55. In January 2005, Dawson surrendered the annuity policies held by

Nationwide and received approximately \$100,000 in proceeds, and they incurred a loss on this investment. Upon information and belief, this policy was unsuitable for the Hennessys who were retired and needed income, and could not afford to incur any loss. Upon information and belief, Dawson misappropriated and/or converted the proceeds from this policy surrender.

56. In or about July 2005, Dawson convinced the Hennessys to take a mortgage loan of \$283,500 from PHH Mortgage. Dawson had initially discussed their taking a \$500,000 mortgage, but, upon information and belief, the Hennessys were only approved to borrow \$283,500. Dawson arranged for the Hennessys' home to be appraised, and handled all of the paperwork in connection with the loan application and closing, which closing was held in Dawson's office. The Hennessys' home had no mortgage, and their home had been fully paid off for many years.

57. Dawson aggressively solicited and recommended that the Hennessys take out this mortgage because of the financial benefits of the "mortgage interest deduction" which they would receive, and his representation that he would earn them a higher rate of return from investing the proceeds than the interest rate they would pay. Unfortunately, the unsophisticated Hennessys trusted Dawson and relied upon his advice

58. After the mortgage loan, Dawson arranged for the Hennessys' monthly mortgage payments to be deducted automatically from a bank account at FNBLI. Dawson would transfer funds into the Hennessys' bank account, and the payments would be automatically deducted. The Hennessys relied on

Dawson to ensure that the mortgage payments were made timely, and to manage their money to ensure solvency for the payments.

59. Upon information and belief, Dawson misappropriated and/or converted the Hennessys' mortgage loan proceeds of \$285,000, and made their monthly loan payments to disguise the nature of his fraud. In or about October 2006, Dawson ceased making the monthly transfers needed by the Hennessys to pay their mortgage payments. They were two months in default, and face the risk of default and foreclosure on their home. They paid the two months arrears from their limited savings and fact financial ruin in their "golden years".

60. For several years, the Hennessys have received no account statements or statements from Dawson which set forth the value of their funds, or which explain how their funds are or have been invested. They have also received no monthly account statements or statements from any bank, brokerage firm, insurance company or other firm which has custody of any assets held in their name or for their benefit.

61. Despite repeated requests made to Dawson, the Hennessys have received no information or detail from him as to the amount of their funds or assets which he holds on their behalf, and/or where and how their money is or has been invested.

62. From time-to-time, over the last several years, Dawson would send the Hennessys disbursements of funds from BMG or BMG Advisory. The Hennessys needed these disbursements to help cover their living expenses, and to pay their bills. On at least one occasion, Dawson advised the Hennessys that

these disbursements were "interest" on their funds with him. However, the Hennessys have no knowledge if these disbursements indeed represent interest, return of principal or something else.

63. From 2002-2005, the Hennessys also utilized Taxx Plus and Lisa Dawson for the preparation of their income tax returns. Dawson represented to the Hennessy that Taxx Plus would be cheaper than any other tax preparation service, and that Taxx Plus had all of their financial information. By using Taxx Plus, the Hennessys were denied any meaningful outside financial advice or review which might have detected Dawson's fraud.

64. In total, upon information and belief, the Hennessys seek an accounting and/or damages for the approximately \$810,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

Specific Allegations of Misconduct Against the Haslbauers

65. In or about 1997, the Haslbauers, who are in their late 60s, first established their relationship with Dawson, BMG Advisory and BMG. At the time, John Haslbauer had retired after over 20 years working as an auto mechanic at a shop in Queens, New York. Barbara Haslbauer had been a housewife.

66. During 1997-2000, Dawson and BMG Advisory apparently invested the Haslbauers' funds in annuity policies held outside BMG Advisory with well-known insurance companies. Also, during this time period, Dawson and BMG Advisory provided the Haslbauers with "unofficial" statements from time-to-time reflecting the value of their funds, and the manner in which the funds were

invested.

67. In September 2000, the Haslbauers received a statement from Dawson and BMG Advisory which reflected that they held retirement funds and savings of approximately \$374,000. A copy of this statement is annexed hereto as **Exhibit A**. Upon information and belief, this was the last such statement that the Haslbauers would receive.

68. This September 2000 statement reflects that the Haslbauers' funds were invested in several annuity policies issued by life insurance companies, including Best of America contracts which are issued by Nationwide. Upon information and belief, Nationwide had \$126,000 of the Haslbauers' funds invested with it.

69. Thereafter, over the last several years, Dawson and BMG Advisory misappropriated and/or converted the Haslbauers' assets. In or about March 2005, Dawson apparently surrendered the annuities policies held by the Haslbauers with Nationwide. A copy of a statement given to the Haslbauers' son, a certified public accountant, who began an investigation of his parent's finances is annexed hereto as **Exhibit B**. This statement reflects that the policies were surrendered for \$108,000 of proceeds.

70. Upon information and belief, Dawson has misappropriated and/or converted this \$108,000 in proceeds from the surrender of the policies. The Haslbauers did not receive these proceeds which went to Dawson and BMG Advisory, and they have received no statement of any kind from Dawson or BMG Advisory explaining where these funds went or how they are now held or

invested.

71. In or about 2002, Dawson also liquidated annuity policies held by the Haslbauers with First Allmerica. The proceeds of the First Allmerica annuity policy surrenders also were converted by Dawson.

72. Additionally, in or about 2003, Dawson convinced the Haslbauers to take out a \$75,000 home equity loan from FNLIB. Dawson represented to the Haslbauers that this was the financially proper thing to do as he would earn them a return on the funds which exceeded the loan interest rate. Upon information and belief, Dawson misappropriated and/or converted the Haslbauers' \$75,000 of loan proceeds.

73. Until in or about October 2006, Dawson was making the monthly loan payments for the Haslbauers, when he ceased making the payments. The Haslbauers' loan is in default. Moreover, the interest rate of this loan is now at 8.25%, which is extremely unsuitable for retirees.

74. In or about October 2005, John M. Haslbauer ("John M."), the Haslbauers' son, who is a certified public accountant, learned that Dawson was pressing his parents to take out a mortgage of \$200,000 through Custom Capital, and to give Dawson the proceeds. When he learned that a loan application had been drafted by Custom Capital and submitted on his parents' behalf, John M. interceded and stopped the loan from being processed.

75. John M. also began making inquiries and requests to Dawson for an accounting of his parents' money, and explanation of where it was invested. Dawson purported to want to schedule "sit-down" meetings with John M. but

never did. John M. was never given the information he requested about his parents' funds.

76. From 2002-2005, the Halsbauers also utilized Taxx Plus and Lisa Dawson for the preparation of their income tax returns. Dawson had represented to the Haslbauers that Taxx Plus would be cheaper than any other tax preparation service, and that Taxx Plus had all of their financial information. By using Taxx Plus, the Haslbauers were denied any meaningful outside financial advice or review which might have detected Dawson's fraud.

77. In total, upon information and belief, the Haslbauers seek an accounting and/or damages for the approximately \$450,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

**Specific Allegations of Misconduct
Against The Garofalos**

78. In or about 1990, the Garofalos, who are in their late 60s, have had a relationship with Dawson, BMG Advisory and BMG. Nicholas Garofalo is a retiree who was formerly employed at AT&T.

79. For over 10 years, the Garofalos have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

80. The Garofalos have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or

other firm which has custody of any accounts or investments held in their name or for their benefit.

81. At Dawson's recommendation and advice, in 2003, the Garofalos took a mortgage loan from Countrywide for \$196,000 and he converted the loan proceeds for himself. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

82. The Garofalos have also been utilizing Taxx Plus for the preparation of their income tax returns for the last several years. By using Taxx Plus, the Garofalos were denied any meaningful outside financial advice or review which might have detected Dawson's fraud.

83. In total, upon information and belief, the Garofalos seek an accounting and/or damages for approximately \$300,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

Specific Allegations of Misconduct Against Dwayne Wood and Marie Magnus

84. Dwayne Wood is 52 years old and a crew chief for American Airlines. Marie Magnus is his 80 year-old mother and a widow who has been retired since the 1960s.

85. For many years, Wood and Magnus have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

86. Wood and Magnus have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm which has custody of any accounts or investments held in their name or for their benefit.

87. At Dawson's recommendation and advice, the Wood and Magnus took a loan from the FNBLI in the amount of \$150,000. as part of his "pyramid" scheme, Dawson converted the loan proceeds for himself while making their mortgage payments on their loans.

88. Upon information and belief, FNBLI had actual knowledge that Dawson and BMG has assumed the bill-paying role for Wood and Magnus. Annexed hereto as **Exhibit C** are copies of loan statements which reflect that they were sent to customers "care of" BMG Advisory.

89. Dawson's payments recently ceased and Wood and Magnus are at risk of default of their loan.

90. Wood and Magnus also had annuity policies at various times issued by Nationwide, with 21st Century as the agent of record. In or about 2002, Dawson liquidated their Nationwide policies and converted the proceeds of approximately \$500,000 for himself.

91. In total, upon information and belief, Wood and Magnus seek an accounting and/or damages for approximately \$550,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

Specific Allegations of Misconduct Against Louis & Marion Prevet

92. Louise Prevet is a 60 year-old school teacher, and his wife Marion Prevet is a housewife.

93. For many years, the Prevets have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

94. The Prevets have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm which has custody of any accounts or investments held in their name or for their benefit.

95. At Dawson's recommendation and advice, the Prevets took a mortgage loan from American Mortgage Network in the amount of \$375,000. This mortgage was arranged by Custom Capital, and proceeds from it were utilized to pay off a loan from FNBLI. The mortgage has since been purchased by Countrywide.

96. Dawson converted the Prevets' loan proceeds for himself. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

97. The Prevets also had annuity policies at various times issued by Nationwide and American Skandia. In or about 2003, Dawson liquidated their

Nationwide and American Skandia policies and converted the proceeds of approximately for himself.

98. In total, upon information and belief, the Prevets seek an accounting and/or damages for approximately \$500,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

**Specific Allegations of Misconduct
Against the Agostinellis**

99. Daniel Agostinelli and Harriet Agostinelli are husband and wife. In the late 1990s, Daniel who is 59 years old retired from his job with Verizon. Harriet is 57 years old and a public school teacher.

100. For over almost 10 years, the Agostellis have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

101. The Agostinellis have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm which has custody of any accounts or investments held in their name or for their benefit.

102. At Dawson's recommendation and advice, the Agostinellis took a mortgage loan from Homecomings Financial, LLC in the approximate amount of \$464,000. This mortgage was arranged by Oasis Mortgage, Inc. The Agostinellis

did not have sufficient income to pay the monthly mortgage payments of \$3,352 per month, and pay their other necessary living expenses.

103. Dawson converted the Agostinellis' loan proceeds for himself. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

104. The Agostinellis also had annuity policies at various times issued by AXA Equitable and Nationwide. In or about July 2006 , Dawson liquidated their AXA Equitable policies and converted the proceeds of approximately \$97,000 for himself. Previously, Dawson liquidated their Nationwide annuity policies which had been purchased in 1997 and 2000, and he converted the proceeds for himself.

105. In total, upon information and belief, the Agostinellis seek an accounting and/or damages for approximately \$600,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

**Specific Allegations of Misconduct
Against Richard & Linda Calderale**

106. In or about 1996, Richard Calderale retired full-time from AT&T. He and his wife, Linda, are in their 60s. After retirement, he started part-time work as a security guard for Disney. Linda has an administrative job. Both reside in Orlando, Florida.

107. For over 10 years, the Calderales have had their finances and investments with Dawson. They had initially given him their entire liquid net

worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

108. The Calderales have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm which has custody of any accounts or investments held in their name or for their benefit.

109. At Dawson's recommendation and advice, in September 2005, the Calderales took a mortgage loan from Countrywide for \$231,000 and Dawson converted the loan proceeds for himself. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

110. The closing on the Calderales' mortgage loan through Countrywide occurred at Dawson's hotel room. They had no attorney present, and Countrywide had no attorney present.

111. Approximately, one month after the initial closing, Dawson advised them that the closing had to be re-done because of a purported "error" by Countrywide. Upon information and belief, the "error" was that Countrywide did not issue the proceeds to Dawson or his firm.

112. The Calderales also had annuity policies at various times issued by AXA Equitable, Eaton Vance, and Nationwide. In or about September 2001, Dawson liquidated their AXA Equitable policies and converted the proceeds of approximately \$274,000 for himself. In or about July 2003, Dawson liquidated their Nationwide annuity policies and converted the proceeds of approximately

\$217,000 for himself.

113. In total, upon information and belief, the Calderales seek an accounting and/or damages for approximately \$600,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

**Specific Allegations of Misconduct
Against Richard & Christine Calderale**

114. Richard Calderale and Christine Calderale are brother and sister, and son and daughter of Richard & Linda Calderale mentioned above. Richard is 29 and works as an emergency medical technician and Christine is 35 and works as an elementary school teacher.

115. In or about 2005, Richard & Christine Calderale were solicited and convinced by Dawson to refinance their home and take out a mortgage for \$320,000 from PHH Mortgage. The amount was far beyond their initial mortgage amount, and Dawson converted the excess proceeds of this loan for himself.

116. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

117. In total, upon information and belief, Richard and Christine Calderale seek an accounting and/or damages for approximately \$200,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

**Specific Allegations of Misconduct
Against Jason & Laurin Buske**

118. Jason Buske and Laurin Busker are husband and wife. Laurin is

the daughter of Richard & Linda Calderale mentioned above. Jason is 36 years old and a plumber and Laurin is 34 years old and a homemaker.

119. In or about November 2005, Jason and Laurin Buske were solicited and convinced by Dawson to refinance their home and take out a mortgage for \$185,000 from PHH Mortgage. The amount was far beyond their initial mortgage amount, and Dawson converted the excess proceeds of this loan for himself.

120. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

121. In total, upon information and belief, Jason and Laurin Buske seek an accounting and/or damages for approximately \$185,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

**Specific Allegations of Misconduct
Against Jim Carney and Regina Carney**

122. Jim Carney is 65 years old and retired and Regina Carney is his 84 year old mother and a widow.

123. For many years, the Carneys have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

124. The Carneys have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm which has custody of any accounts or investments held in their name

or for their benefit.

125. At Dawson's recommendation and advice, the Carneys took a mortgage loan from American Mortgage Network in the approximate amount of \$335,000. The Carneys did not have sufficient income to pay the monthly mortgage payments, and pay their other necessary living expenses. This mortgage has since been purchased by Countrywide.

126. Dawson converted the much of the loan proceeds for himself. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

127. In or about January 2003, Dawson also solicited and arranged for the Carneys to borrow \$100,000 from FNBLI. Upon information and belief, Dawson converted the proceeds for himself.

128. The Carneys also had annuity policies at various times issued by Nationwide. In or about August 2003, Dawson liquidated their Nationwide policies and converted the proceeds for himself.

129. In total, upon information and belief, the Carneys seek an accounting and/or damages for approximately \$300,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

Specific Allegations of Misconduct Against the Arochos

130. Mark Arocho and Michelle Arocho are each 39 years old, and are husband and wife with four children. For the last 15 years, Mark has been an

electrician, and, for the last 12 years, Michelle has been a housewife.

131. In or about August 2004, Dawson solicited and convinced the Arochos to refinance their home and take out a mortgage in the amount of \$330,000. The amount was far beyond their initial mortgage amount, and Dawson converted the excess proceeds of this loan for himself.

132. Until recently, Dawson had been making their mortgage payments on their loan which is with Countrywide. Dawson's payments recently ceased, and Countrywide has notified them of their default.

133. In total, upon information and belief, the Arochos seek an accounting and/or damages for approximately \$185,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

Specific Allegations of Misconduct Against The Moys

134. Don Moy and Lillian Moy are retired and reside in Flushing, New York.

135. For several years, the Moys have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

136. The Moys have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm

which has custody of any accounts or investments held in their name or for their benefit.

137. The Moys also had annuity policies at various times issued by First Allimerica, Nationwide and American Skandia liquidated, and converted the proceeds for himself.

138. In total, upon information and belief, the Moys seek an accounting and/or damages for approximately \$300,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

Specific Allegations of Misconduct Against The Geists

139. Thomas Geist and Joy Geist are in their 80s and retired. Thomas retire approximately 20 years ago and Joy has been a housewife.

140. For several years, the Geists have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

141. The Geists have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm which has custody of any accounts or investments held in their name or for their benefit.

142. At Dawson's recommendation and advice, in 2003, the Geists took a mortgage loan from Indymac Bank for \$280,000 and he converted the loan proceeds for himself. Until recently, Dawson had been making their mortgage

payments on their loans. Dawson's payments recently ceased.

143. In total, upon information and belief, the Geists seek an accounting and/or damages for approximately \$300,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

Specific Allegations of Misconduct Against The Aiellos

144. Pasquale Aiello and Mary Aiello are husband and wife in their 70s. Pasquale is a former Army veteran and New York City sanitation worker. Mary is a housewife.

145. For several years, the Aiellos have had their finances and investments with Dawson. They had initially given him their entire liquid net worth to handle, and he purportedly had been investing it, and sending them a monthly check which represented the "interest" on their money.

146. The Aiellos have not received any statement of account or statement of assets from Dawson or BMG in several years. They also have not received any statements from any bank, brokerage firm, insurance company or other firm which has custody of any accounts or investments held in their name or for their benefit.

147. At Dawson's recommendation and advice, in 2005, the Aiellos took a mortgage loan from PHH Mortgage for \$305,000 and he converted the loan proceeds for himself. Until recently, Dawson had been making their mortgage payments on their loans. Dawson's payments recently ceased.

148. The Aiellos also had annuity policies issued by AXA Equitable. In 2005, Dawson liquidated, and converted approximately \$74,000 proceeds for

himself.

149. In total, upon information and belief, the Aiello seek an accounting and/or damages for approximately \$400,000 in funds which they entrusted to Dawson, BMG Advisory and BMG which are now gone, or unaccounted for.

**As and For A First Cause Of Action Against
Defendants Dawson, BMG Advisory, and BMG
(Misappropriation and Conversion)**

150. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149 hereof.

151. Plaintiffs entrusted defendants Dawson, BMG Advisory and BMG with substantial funds and monies including retirement savings, proceeds from surrenders of annuities policies and proceeds from mortgage loans and home equity loans.

152. Upon information and belief, defendants Dawson, BMG Advisory and BMG misappropriated and converted the Plaintiffs' funds and monies, including the retirement savings, proceeds from surrenders of annuities policies and proceeds from mortgage loans and home equity loans.

153. As a result of the foregoing, defendants Dawson, BMG Advisory and BMG are liable to the named Plaintiffs for approximately funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For A Second Cause Of Action Against
Defendants Dawson, BMG Advisory, and BMG
(Securities and Investment Advisor Fraud)**

154. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149 and 151-153 hereof.

155. Upon information and belief, Dawson and BMG Advisory are registered investment advisors under the Investment Advisors Act of 1940.

156. Dawson's and BMG Advisory's misappropriation and/or conversion of its customers' funds, its failure to segregate customer funds in accounts held in their name or for their benefit, and/or its failure to account to its customers with statements of value and explanation of where and how their funds are invested constitute violations of the Investment Advisors' Act of 1940, and securities fraud and investment advisory fraud.

157. Dawson and BMG Advisory also have suitability obligations by virtue of their status as registered investment advisors and NASD associated persons to ensure that any investments and/or loans made for customers are suitable in view of their financial situation, objectives and needs. Dawson's and BMG Advisory's investment decisions to invest in annuities policies which suffered losses, and decisions to take loans and mortgages were unsuitable.

158. As a result of the foregoing, defendants Dawson, BMG Advisory and BMG are liable to the named Plaintiffs for funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For A Third Cause Of Action Against
Defendants Dawson, BMG Advisory, and BMG
(Fraud And Misrepresentation)**

159. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153 and 155-158 hereof.

160. Dawson's and BMG Advisory's misappropriation and/or conversion of its customers' funds, its failure to segregate customer funds in accounts held in their name or for their benefit, and/or its failure to account to its customers with statements of value and explanation of where and how their funds are invested constitutes fraud and misrepresentation.

161. As a result of the foregoing, defendants Dawson, BMG Advisory and BMG are liable to the named Plaintiffs for funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For A Fourth Cause Of Action Against
Defendants Dawson, BMG Advisory, and BMG**
(Breach of Fiduciary Duty)

162. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158 and 160-161 hereof.

163. Defendants Dawson, BMG advisory and BMG assumed fiduciary duties with respect to the Plaintiffs.

164. Defendants Dawson, BMG Advisory and BMG breached their fiduciary duties owing to the Plaintiffs to act in their best interests and avoid any self-dealing.

165. Defendants Dawson, BMG Advisory and BMG breached ongoing fiduciary duties to invest customers' entrusted funds in safe investments suitable for retirees that would earn them income during retirement.

166. As a result of the foregoing, defendants Dawson, BMG Advisory and BMG are liable to the named Plaintiffs for funds misappropriated and

converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For A Fifth Cause Of Action Against
Defendants Dawson, BMG Advisory, and BMG
(Breach of Contractual Duties)**

167. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161 and 163-166 hereof.

168. Defendants Dawson, BMG advisory and BMG assumed contractual duties with respect to the Plaintiffs to provide professional investment management services and advice.

169. Defendants Dawson, BMG Advisory and BMG breached their contractual duties owing to the Plaintiffs to provide professional investment management services and advice.

170. As a result of the foregoing, defendants Dawson, BMG Advisory and BMG are liable to the named Plaintiffs for funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For A Sixth Cause Of Action Against
Defendants Dawson, BMG Advisory and BMG
(Accounting)**

171. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166 and 167-170.

172. Defendants Dawson, BMG Advisory and BMG have taken possession of Plaintiffs' funds and have failed, despite due demand, to account therefor.

173. As a result of the foregoing, defendants Dawson, BMG Advisory and BMG should be ordered to provide Plaintiffs with a full accounting for the funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For A Seventh Cause Of Action Against
Defendants Taxx Plus and Lisa Dawson
(Aiding and Abetting)**

174. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166, 167-170 and 172-173.

175. Defendants Taxx Plus and Lisa Dawson aided and abetted the wrongful acts and omissions committed by defendants Dawson, BMG Advisory and BMG.

176. Defendants Taxx Plus' and Lisa Dawson's acts and omissions helped conceal the fraud and wrongful acts and omissions of defendants Dawson, BMG Advisory and BMG

177. As a result of the foregoing, defendants Taxx Plus and Lisa Dawson are jointly and severally liable to the named Plaintiffs for funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For An Eighth Cause Of Action Against
Defendants 21st Century, Invest Financial and Granite Securities
(Respondeat Superior and Failure to Supervise)**

178. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166,

167-170, 172-173 and 175-177.

178. Upon information and belief, during relevant times, Dawson was employed by defendant 21st Century and Granite Securities and licensed with the NASD as an "associated person" of 21st Century and Granite Securities, NASD members.

179. Accordingly, defendant 21st Century and Granite Securities are responsible for Dawson's acts under respondeat superior.

180. Moreover, under NASD 3110, defendants 21st Century and Granite Securities had supervisory duties over Dawson and his activities, as well as the accounts of any customers including Plaintiffs who opened accounts with 21st Century and Granite Securities or who listed them as brokers of record on their annuities.

181. Upon information and belief, in or about August 2005, defendant Invest Financial acquired defendant 21st Century and assumed its employees, accounts, assets and obligations.

182. As a result of the foregoing, defendants 21st Century, Invest Financial and Granite Securities are liable to Plaintiffs for the funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For An Ninth Cause Of Action Against Defendant
Banks And Mortgage Companies
(Declaratory Judgment)**

183. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166,

167-170, 172-173, 175-177 and 179-182 hereof.

184. Upon information and belief, defendants PHH Mortgage, FNBLI, Countrywide, Homecomings, Washington Mutual, and Indymac Bank, each extended loans and/or mortgages to Plaintiffs, which loans and mortgages were procured by fraud.

185. Upon information and belief, the loans and mortgages extended to Plaintiffs by defendants PHH Mortgage, FNBLI, Countrywide, Homecomings, Washington Mutual, and Indymac Bank, are oppressive and unconscionable.

186. Upon information and belief, the enforcement of the loans and mortgages extended to Plaintiffs by defendants PHH Mortgage, FNBLI, Countrywide, Homecomings, Washington Mutual, and Indymac Bank, would result in enormous interest charges and profits to these Defendants which resulted from fraud and, accordingly, it would be unjust for the terms of the loans and mortgages to be enforced.

187. Accordingly, for these reasons, Plaintiffs' seek a declaratory judgment declaring their loan and mortgages to be void and unenforceable, and reliving them from any further obligation under the loans and mortgages.

**As and For An Tenth Cause Of Action Against
Defendant Banks, Mortgage Companies and Mortgage Brokers
(Aiding and Abetting)**

188. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166, 167-170, 172-173, 175-177, 179-182 and 184-187 hereof.

189. Upon information and belief, defendants PHH Mortgage, FNBLI,

Countrywide, Homecomings, Washington Mutual, Indymac Bank, Custom Capital and Oasis Mortgage, each participated in and/or provided aid and assistance to Dawson's fraudulent procurement of loans and mortgages for Plaintiffs and his conversion of the proceeds.

190. Upon information and belief, defendants PHH Mortgage, FNBLI, Countrywide, Homecomings, Washington Mutual, Indymac Bank, Custom Capital and Oasis Mortgage, had knowledge of Dawson's fraudulent schemes and provided assistance anyway.

191. Upon information and belief, defendants PHH Mortgage, FNBLI, Countrywide, Homecomings, Washington Mutual, Indymac Bank, Custom Capital and Oasis Mortgage, each profited from Dawson's fraudulent schemes.

192. Accordingly, for these reasons, defendants PHH Mortgage, FNBLI, Countrywide, Homecomings, Washington Mutual, Indymac Bank, Custom Capital and Oasis Mortgage, are liable for the funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For An Eleventh Cause Of Action Against
Defendant Insurance Companies
(Failure to Supervise and Respondeat Superior)**

193. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166, 167-170, 172-173, 175-177, 179-182, 184-187, and 189-192 hereof.

194. Upon information and belief, at relevant times, Dawson and/or BMG Advisory were approved insurance agents for the defendants Nationwide, American Skandia, First Allmerica, and AXA Equitable who sold their annuity

products to Plaintiffs.

195. As such, upon information and belief, defendants Nationwide, American Skandia, First Allmerica, and AXA Equitable had supervisory duties with respect to Dawson and BMG regarding their conduct and activities with respect to the annuities they sold and/or redemeend as well as Plaintiffs their customers.

196. Upon information and belief, defendants Nationwide, American Skandia, First Allmerica, and AXA Equitable are responsible for Dawson's and BMG Advisory's fraudulent acts and conversion of any annuity policy redemptions and sales, by virtue of respondent superior, agency principles and under their duties to supervise.

197. Upon information and belief, breaches and failures by defendants Nationwide, American Skandia, First Allmerica, and AXA Equitable of their duties proximately resulted in Dawson's and BMG Advisory's conversion and fraud.

198. Accordingly, for these reasons, defendants PHH Mortgage, FNBLI, Countrywide, Homecomings, Washington Mutual, Indymac Bank, Custom Capital and Oasis Mortgage, are liable for the funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For An Twelfth Cause Of Action Against
Defendant Insurance Companies
(Aiding and Abetting)**

199. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166, 167-170, 172-173, 175-177, 179-182, 184-187, 189-192, and 193-199 hereof.

200. Upon information and belief, defendants Nationwide, American Skandia, First Allmerica, and AXA Equitable, each participated in and/or provided aid and assistance to Dawson's fraudulent sales and redemptions of annuity policies and his conversion of the proceeds.

201. Upon information and belief, defendants, Nationwide, American Skandia, First Allmerica, and AXA Equitable, had knowledge of Dawson's fraudulent schemes and provided assistance anyway.

202. Accordingly, for these reasons, defendants, Nationwide, American Skandia, First Allmerica, and AXA Equitable, are liable for the funds misappropriated and converted, and for punitive damages, plus attorneys' fees, costs and interest.

**As and For An Thirteenth Cause Of Action
Against All Defendant
(Negligence)**

203. Plaintiffs re-allege and re-incorporate herein by reference the allegations contained in paragraphs 1-149, 151-153, 155-158, 160-161, 163-166, 167-170, 172-173, 175-177, 179-182, 184-187, 189-192, 193-199 and 200-202 hereof.

204. Upon information and belief, all Defendants had duties of reasonable care owing to Plaintiffs.

205. Upon information and belief, Defendants' knew or should have known of the fraud perpetrated against Plaintiffs.

206. Upon information and belief, Defendants' breaches of duties owing to Plaintiffs proximately resulted in Plaintiffs' damages.

207. Accordingly, for these reasons, Defendants are liable to Plaintiffs for compensatory and punitive damages, plus attorneys' fees, costs and interest.

WHEREFORE, Plaintiffs respectfully request that this Court enter judgment as follows:

(a) Against all Defendants on all Causes of Action for **\$100 million** in compensatory damages, plus attorneys' fees, costs and interest; and

(b) Against all Defendants on all causes of action **\$100 million** in punitive damages or such amount as to be determined at trial; and

(c) Against Defendant Banks and Mortgage Companies on the Ninth Cause of Action, declaratory judgment adjudging the Plaintiffs' loans and mortgages to be void and cancelled;

(d) Such further and other relief as the Court deems just and proper.

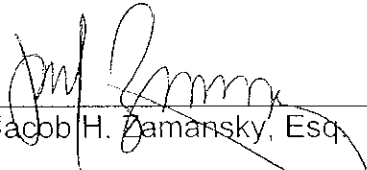
Plaintiffs demand trial by jury.

Dated: New York, New York
December 14, 2006

Respectfully submitted,

ZAMANSKY & ASSOCIATES, LLC

By:

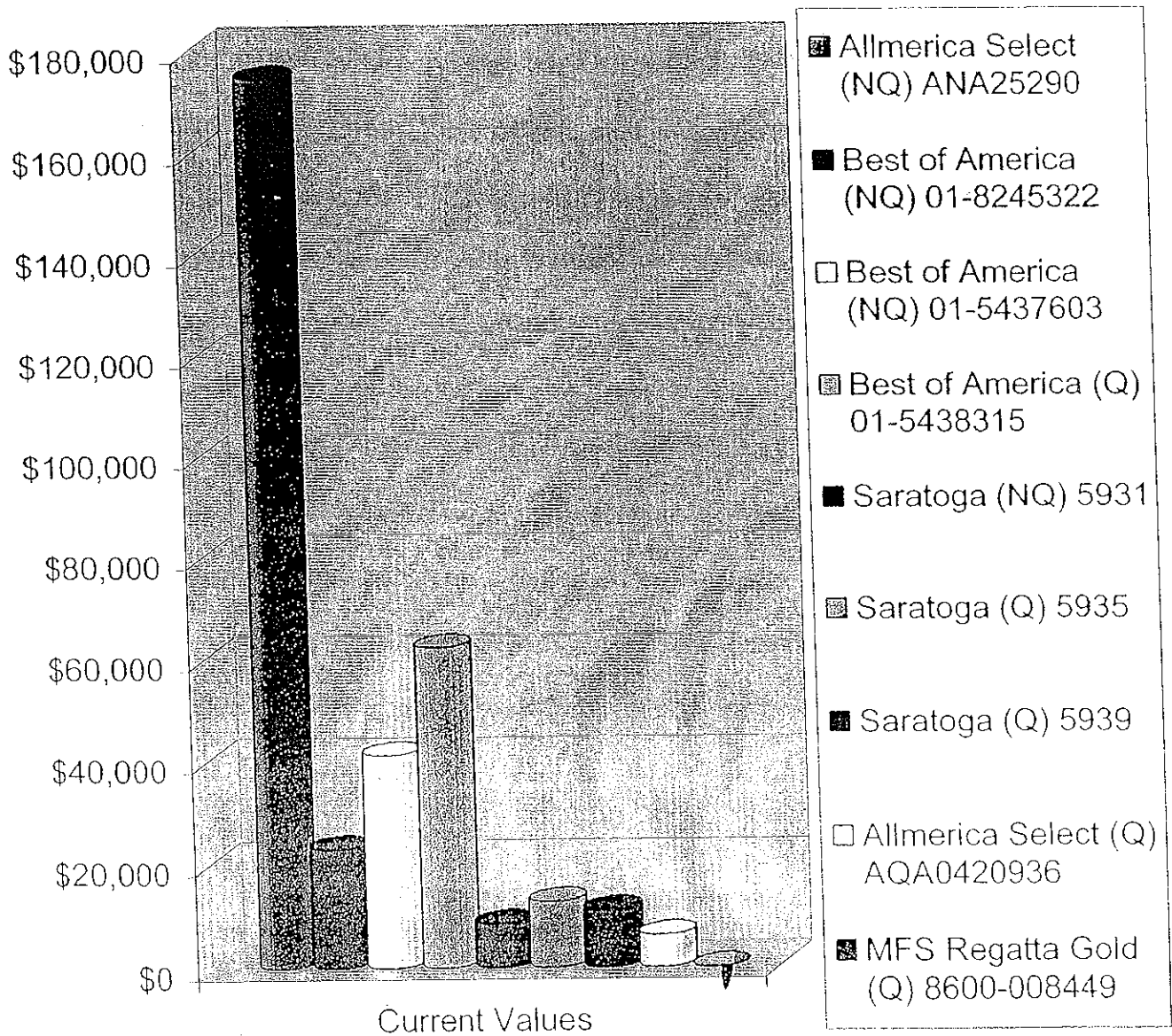


Jacob H. Zamansky, Esq.

50 Broadway, 32nd Floor
New York, New York 10004
(212) 742-1414

Sept 2000

Asset Inventory for
J&B Haslbauer
Page 2



**ANNUAL TRANSACTIONS
FOR
J&B Haslbauer**

PAGE 3

NOT AN OFFICIAL STATEMENT

<u>COMPANY</u>	<u>ACCOUNT #</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>DESTINATION</u>	<u>REQUEST & PURPOSE</u>
Allmerica Select (NQ)	ANA25290	1/4/00	\$10,000	Client	
Allmerica Select (NQ)	ANA25290	1/11/00	\$9,189	Saratoga	Replenish Acct.
Best of America (NQ)	01-8245322	8/16/00	\$1,733	Saratoga	Replenish Acct.
Saratoga	5931	Jan-Aug	\$2,700	Client's Bank	Monthly W/D
Best of America (Q)	01-5438315	8/21/00	\$6,293	Saratoga	Replenish Acct.
Best of America (NQ)	01-5437603	4/6/00	\$4,267	Saratoga	Replenish Acct.
Allmerica Select (Q)	AQA0420936	4/3/00	\$4,769	Saratoga	Replenish Acct.
MFS Regatta Gold (Q)	8600-008449	4/4/00	\$417	Saratoga	Replenish Acct.

This asset inventory has been prepared at the request of the above named client or clients. It's sole purpose is to assist in client asset review and planning. Only official documents received from the investment company, insurance carrier or other institution should be relied on for account status. This document is to be used for planning purposes only, and is not to be relied upon as a certified financial statement or other accounting document.

Assets Held
by
Peter Dawson

Balance on September 05, 2002 (See Schedule C)	\$373,935
Home Equity Loan taken in 2003 (See tab E)	75,000
Total Unaccounted for	\$448,935

3/15/05

JOHN & BARBARA HASLBAUER

SURRENDER INFORMATION

AS OF 3/11/05

COMPANY	A/C NO.	GR. AMT.	NET AMT.	SC:	FORFEITURE
Best of Am.	01-5659446	\$26,580.27	\$24,937.62	\$1232.29	\$410.36
Best of Am.	01-5438315	\$49,078.18	\$46,436.19	\$1761.91	\$880.08
Best of Am.	01-5437603	\$33,030.96	\$31,239.49	\$1194.71	\$596.76

TOTALS:

GROSS: \$108,689.41

NET: \$102,613.30

SURR.CHG: \$4188.91

FORFEITURE: \$1887.20

TOTAL SURRENDER CHG + FORFEITURE CHG: \$6076.11

Rec'd From
Dee at
P. Dowson's
Office



IMPORTANT NOTICE: YOUR ACCOUNT IS PAST DUE

FIRST NATIONAL BANK OF LONG ISLAND

PAYMENT ON YOUR ACCOUNT HAS NOT BEEN RECEIVED AND IS PAST DUE.
TO AVOID ADDITIONAL CHARGES, PLEASE REMIT THE AMOUNT SHOWN.
IF YOU HAVE ALREADY PAID THIS AMOUNT, PLEASE DISREGARD THIS NOTICE.

ACCOUNT NUMBER	DUE DATE MO. DAY YR.	AMOUNT DUE	LATE CHARGE	PLEASE PAY	DATE OF PREV. PAYMENT MO. DAY
1-0303119408	02/16/05	93.92		93.92	2/17

DWAYNE WOOD (REG-PYMT = 643.92)
OR MARIE WOOD MAGNUS
% PETER DAWSON BMG ADVISORY
665 N NEWBRIDGE RD
LEVITTOWN NY 11756-1624
IF YOU HAVE ANY
QUESTIONS, CALL
516-671-4900 EXT. 544

WE MAY REPORT INFORMATION ABOUT YOUR ACCOUNT TO CREDIT BUREAUS
LATE PAYMENTS, MISSED PAYMENTS, OR OTHER DEFAULTS ON YOUR
ACCOUNT MAY BE REFLECTED IN YOUR CREDIT REPORT.

INTEROFFICE MEMORANDUM

TO: PETER [CLICK HERE AND TYPE NAME]
FROM: LUCILLE GIBILARO
SUBJECT: DWAYNE WOOD/MAGNUS
DATE: 12/30/2003
CC: [CLICK HERE AND TYPE NAME]

SPOKE TO AL ARENA AMOUNT DUE FOR DWAYNE IS \$1,000.

MAKE PAYMENT TO ACCT #1-0303119409

HE SHOULD DEPOSIT EACH MONTH BY THE 15TH \$550.

IMPORTANT NOTICE: YOUR ACCOUNT IS PAST DUE

PAYMENT ON YOUR ACCOUNT HAS NOT BEEN RECEIVED AND IS PAST DUE.
TO AVOID ADDITIONAL CHARGES, PLEASE REMIT THE AMOUNT SHOWN.
IF YOU HAVE ALREADY PAID THIS AMOUNT, PLEASE DISREGARD THIS NOTICE.

ACCOUNT NUMBER	DUE DATE MO. DAY YR	AMOUNT DUE	LATE CHARGE	PLEASE PAY	DATE OF NEXT PAYMENT MO. DAY
1-0303119408	12/16/03	493.15		493.15	11/17

DWAYNE WOOD
OR MARIE WOOD MAGNUS
% PETER DAWSON BMG ADVISORY
665 N NEWBRIDGE RD
LEVITTOWN NY 11756-1624

IF YOU HAVE ANY
QUESTIONS, CALL
516-671-4900 EXT.544

FIRST NATIONAL BANK OF LONG ISLAND